



**Director of
Central
Intelligence**

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SITUATION REPORTS

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POLAND

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Stefan Cardinal Wyszynski yesterday came close to explicitly asking Polish strikers to return to work. [REDACTED]

Speaking to an estimated crowd of 100,000 in Czestochowa, the Polish Primate said that there is no well-being without work and that "not working" is a very costly argument. He also counseled that "one must not demand too much," perhaps reflecting a belief that the strikers are being too uncompromising. [REDACTED]

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The government broadcast Wyszynski's homily on nationwide prime time television, one of the few times the Polish media have aired a religious event. Regime leaders undoubtedly hope that Wyszynski's message will help put the workers in a mood to compromise. They can also claim that the broadcast is a step toward meeting the strikers' demand that the Church have greater access to the media. [REDACTED]

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The reaction of strikers to the televised message is not yet available. Workers have interpreted earlier, more ambiguous Church statements as support for their cause and could read the same message into the Cardinal's remark that "man has a right to abstain from working when there is no other way to emphasize his importance." [REDACTED]

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[redacted]Tough Negotiations

The strikers and regime have both adopted very tough bargaining stances. During the official negotiating sessions in Gdansk, the strike leaders firmly restated their demand for free trade unions and threatened to call a nationwide general strike if the demand is not met. [redacted]

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Chief government negotiator Jagielski--while reportedly willing to concede to workers the right to strike *in extremis*--tried to keep the talks focused on economic matters and refused to discuss the issue of free trade unions. The two sides reportedly agreed to let a sub-commission of "experts" debate the issue. [redacted]

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Strike leaders are publicly remaining adamant on the free trade union issue, but some of the dissident intellectuals who have gone to Gdansk to aid the strikers reportedly are split on the matter. [redacted]

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The regime seemed to be signaling last night that it is near the limits of what it is prepared to concede on the free trade union issue. In a dramatically worded statement on national television last evening, Ryszard Wojna, an editor of the party daily, said that there are certain subjects that cannot be discussed and "where peoples' power cannot and has no right to yield." He explicitly said that Poland is in the Soviet sphere of influence and that any basic change in Poland's political system could bring "dangerous consequences." He raised the specter of a "national catastrophe"--similar to the partitioning of Poland in the late 18th century--if the situation continues to develop "in a dangerous way." [redacted]

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[REDACTED]

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The meeting yesterday of the official trade union organization probably did little to convince strikers that the party is serious about trade union reform. The former conservative union boss was removed, but his replacement is a candidate member of the party's Central Committee who has come up through union ranks. [REDACTED]

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Military Activity

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[REDACTED] several Polish military installations [REDACTED] suggests that some units have been placed on alert. [REDACTED]

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Cargo trucks from a Polish mechanized infantry regiment and a tank battalion housed in the Szczecin area have been in convoy formations within their garrisons [REDACTED] suggesting that at least these units of the division have been alerted. [REDACTED]

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Truck convoys were also observed at a military installation in Gdansk where units of the Polish sea landing division are housed. [REDACTED] Polish airborne installations in Krakow suggests that one battalion of airborne troops has left garrison and selected airborne reservists have been called up to fill out other units. [REDACTED]

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[REDACTED]

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We anticipate seeing additional Polish military activity as contingents prepare for the major Warsaw Pact exercise to be held in East Germany in early September. It will be increasingly difficult to determine whether such activity is related to domestic Polish developments or to the Warsaw Pact exercise. [REDACTED]

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Soviet Government Comments

In Moscow's first official government comment on Poland's troubles, a foreign ministry spokesman yesterday described the events as "purely an internal affair of that state," implicitly warning the West against exploiting the situation and, at the same time, attempting to allay Western fears of Soviet intervention. [REDACTED]

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IRAN

President Bani-Sadr appears to be making a last ditch effort to prevent radical hardline clerics from completely dominating the new government. [redacted]

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Prime Minister Rajai presented his list of cabinet ministers to Ayatollah Khomeini on Saturday, and on Sunday discussed it with Bani-Sadr. The President subsequently stated that Rajai's candidate for the Interior Ministry is unacceptable on the grounds that the post should be held by someone not affiliated with any party. The unidentified nominee probably was a member of the clerics' Islamic Republic Party. [redacted]

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[redacted] Rajai has taken his list to the Assembly, which probably will vote informally to approve it. Debate on Rajai's nominees may be intense because members of the Islamic Republic Party apparently do not agree among themselves on the cabinet. [redacted]

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There are other signs of growing factionalization in the party. Jalaledin Farsi has publicly criticized Rajai, accusing him of having no political program. [redacted]

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The Hostages

The militants, in a statement yesterday, claimed that the hostages who have been held in Shiraz, Gorgan, Qazvin, and Zanzan have been transferred to other locations to thwart any rescue attempt. [redacted]

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[redacted] two buildings are being constructed on the grounds of the former American Consulate in Tabriz. [redacted]

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BRIEFS AND COMMENTS

ZIMBABWE: Mugabe's Visit

During his brief visit to Washington, Prime Minister Mugabe hopes to secure tangible evidence of US support, including commitments of substantial economic aid over the next few years. [REDACTED]

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Mugabe would like the US to take the lead in forming a consortium to help finance about \$1.5 billion of Zimbabwe's \$5 billion five-year development plan. The bulk would be invested in energy, transportation, and communications projects. At least \$300 million would be used to repatriate war refugees, rebuild the country's damaged infrastructure, and initiate a potentially controversial land reform program. [REDACTED]

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Western countries have pledged an estimated \$500 million in aid but Salisbury thus far has received less than \$100 million. These aid commitments, most of which will be used for rural development programs, are part of the \$1.5 billion Mugabe seeks. [REDACTED]

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Although Mugabe prefers official loans and grants, the government's economic policies have created an atmosphere encouraging to private foreign capital. While trying to meet rising black expectations, he has avoided actions which could cause capital flight and rapid white emigration. [REDACTED]

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Mugabe recently boosted prices paid to farmers and presented a moderate budget to be financed without raising corporate or income taxes--measures of great concern to the white community. He has also maintained economic ties with South Africa despite Pretoria's suspension of budgetary assistance in March. [REDACTED]

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Politically, Mugabe will try to assess what priorities the US assigns to the need for change in South Africa and a settlement on Namibia. He may raise his proposal to host an all-parties conference on Namibia; he has offered to meet with Prime Minister Botha, if necessary, to smooth the way. Until the Frontline States and the South Africans can agree on the meaning of the term "all-parties," however, the chances for actually convening a conference remain slim. [REDACTED]

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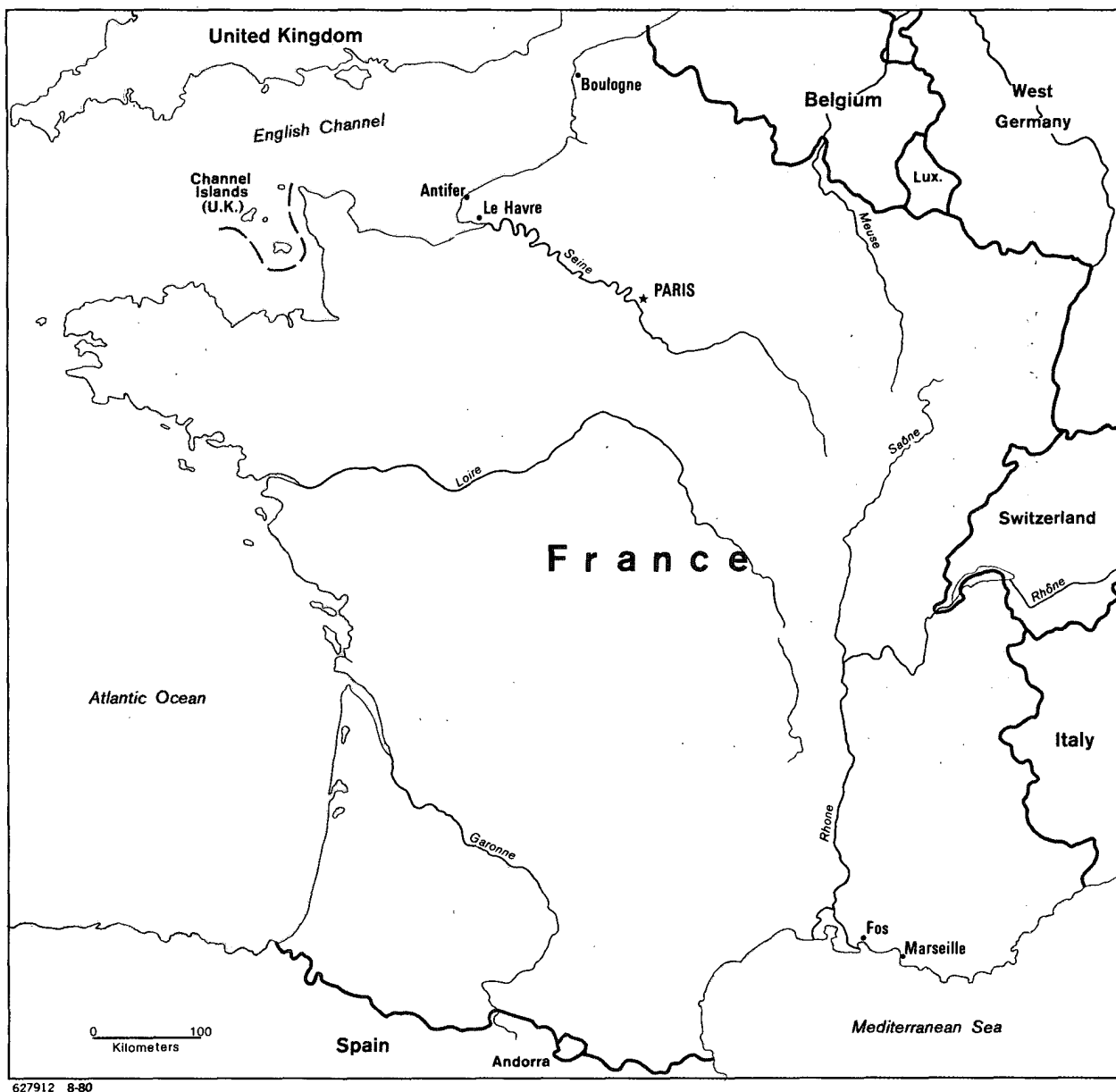
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FRANCE: Dispute With Fishermen Continues

The French cabinet meets today in the hope of agreeing on a position that will mollify the striking fishermen, but a solution could produce new problems with France's EC partners if it reduces imports of foreign caught fish. [redacted]

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Fishermen at the Mediterranean oil port of Fos returned to their blockade yesterday following a one-day shutdown of the port by dockworkers. They are trying to extend their blockade to Antifer, France's second largest oil terminal. The government has dispatched several ships to Antifer to counter the fishermen's efforts there. Violence broke out in Boulogne on Monday as police used tear gas to disperse fishermen blocking truck deliveries of imported fish. [redacted]

Negotiations aimed at settling the dispute bogged down on Monday when representatives of the Communist-dominated General Workers Confederation walked out after demanding that the government withdraw police forces from the ports. Representatives of the socialist-leaning French Democratic Workers Confederation stayed on to talk but gave little ground. [redacted]

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[redacted]

[redacted] A revised EC fishing policy will not be ready before the end of the year, and if Paris' actions affect fish imports from the Community, France's partners may interpret such a move as a slap at the process and as a violation of the free access principle. New tension between Paris and its partners could result. [redacted]

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INTERNATIONAL: Energy Aid to Developing Countries

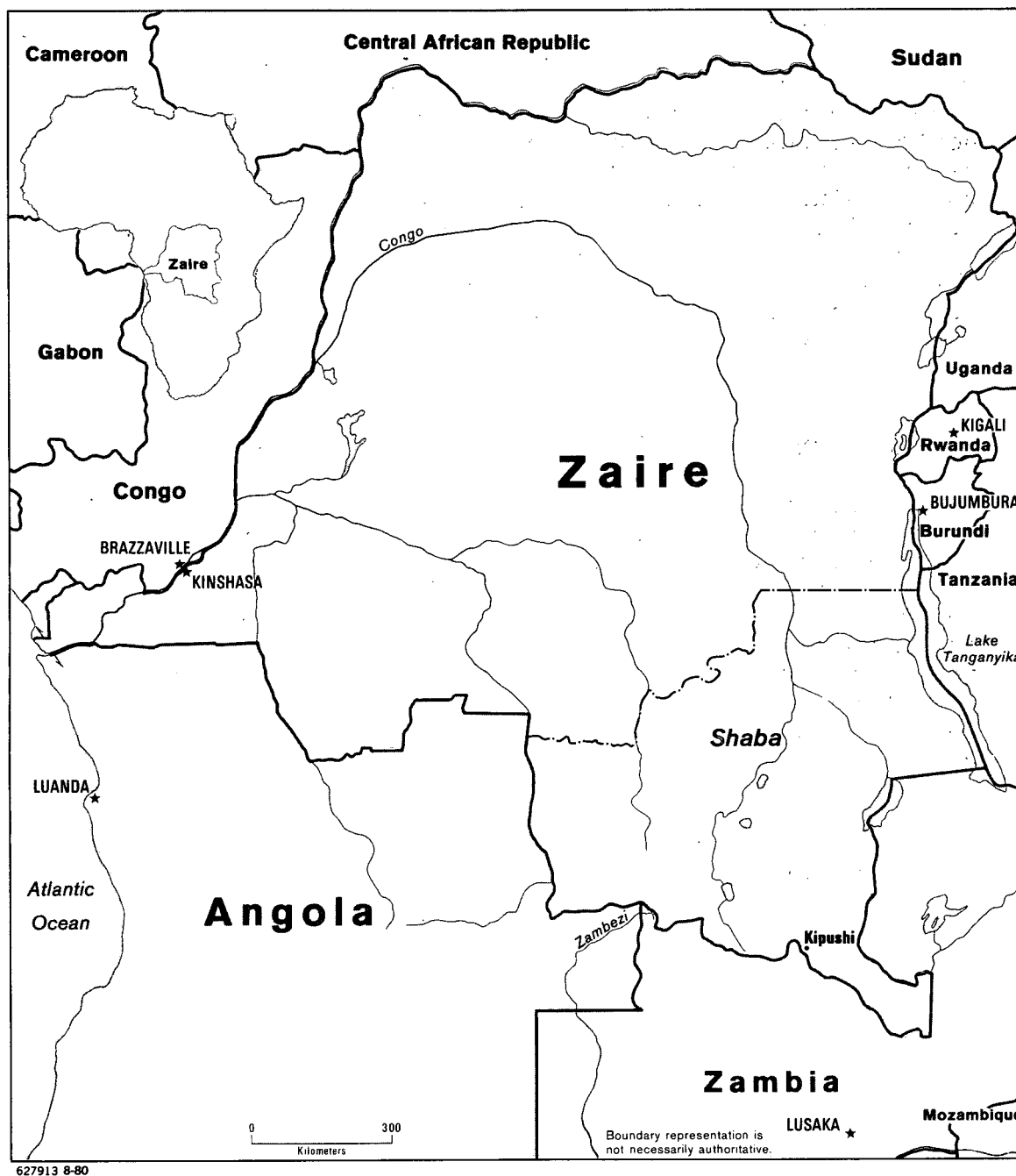
World Bank President McNamara's proposal for a five-year \$25 billion lending program to help Third World countries generate their energy resources undercuts their strategy for the UN Special Session on Development which began this week in New York. The developing countries hoped to link discussion of their energy problems with industrialized country acceptance of concessions on international trade and monetary system reform. They hoped to press for concessions in these three areas, all of which they consider critical to their development. The World Bank proposal--which is a continuation of Western aid policy and not intended to frustrate the efforts of less developed countries--follows a proposal last month by UN Secretary-General Waldheim for a \$5 billion emergency balance-of-payments assistance program. Many Third World countries believe that these two proposals, which focus on financial relief for their energy-related problems, will be used by the industrialized countries to avoid considering more fundamental reforms in North-South trade and monetary relations.

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ZAIRE: Repatriation of Ex-Katangan Rebels

The repatriation from Angola of Zairian dissidents who invaded the Shaba region in 1977 and 1978 has gotten off to a shaky start. Some ex-Katangans and their families from Angola have learned of the agreement reached earlier this month between their leaders and the Zairian Government and have begun to return to Zaire although no official repatriation program has been organized. There is considerable confusion among Zairian officials in Shaba, and some prospective returnees reportedly have been sent back to Angola. If the government does not act soon to draw up a program and request assistance from the UN High Commissioner for Refugees, the agreement with the rebels could unravel.

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The unanticipated movement of rebels and their families has heightened Zairian security concerns.

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SOUTH AFRICA: Cabinet Shakeup

Prime Minister Botha has announced a cabinet shakeup effective as of early October, partly to dispel the growing public impression of stagnation in his administration. The announcement follows the rejection by nonwhites earlier this month of Botha's latest racial reform initiatives. Botha reportedly plans to replace several ministers including the Interior Minister--a Botha loyalist and the ruling National Party's nominee to the post of state vice president--with reform-minded members of the Afrikaner establishment. The most prominent newcomers will be Gerrit Viljoen, the Administrator General of Namibia, who will take over as Minister of Education, and General Magnus Malan, the armed forces commander, who will take over the Defense portfolio Botha has held for 14 years.

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